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SUBJECT: DCM VISIT HIGHLIGHTS U.S. PRESENCE IN COFFEE COUNTRY

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SUMMARY  
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¶1. (U) On July 1 and 2, the DCM traveled to the heart of Colombia's coffee country to inaugurate three new AmCham branches and celebrate the 50th anniversary of the Manizales Binational Center, all critical institutions to U.S. presence in the region. Coffee cultivation and processing remain the economic and cultural backbone of the region, but local officials and business leaders concurred that the region must adapt to new economic realities by pursuing strategic development opportunities. End summary.

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LOCAL GOVERNMENT SEEKS COMPETITIVENESS AND DEVELOPMENT  
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¶2. (U) The DCM met separately with Caldas Governor Mario Aristizabal Munoz, Risaralda Governor Victor Manuel Tamayo Vargas, and Juan Manuel Llano Uribe, Mayor of Manizales, the capital of Caldas. All three officials expressed the need for reinvigorated economic development, support for bilingual education and interest in deepening U.S. ties with the region.

¶3. (SBU) Caldas Governor Aristizabal stated that the region must evolve beyond its traditional dependence on coffee production, which directly or indirectly supports 900,000 people in Caldas alone, the overwhelming majority of its population. The average coffee grower is over 60 years old, has only two years of formal education, cultivates 1.7 hectares (4.2 acres) of land and earns less than the Colombian minimum wage of COP\$497,000 per month (approximately USD \$235). Governor Aristizabal presented to the DCM his comprehensive strategic development plan to improve the department's competitiveness and productivity. With it, he seeks to address concerns the DCM heard separately from local business leaders that the region's resources have not been fully tapped.

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OPPORTUNITIES IN BIOFUEL AND KNOWLEDGE INDUSTRIES  
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¶4. (SBU) Governor Aristizabal was enthusiastic about Caldas's potential to develop an alternative energy industry and increase existing mining projects. Raw materials for biofuels, especially castor seeds and jatropa, grow easily on land not suitable for either coffee cultivation or cattle grazing, the region's agricultural mainstays. These crops offer a potential livelihood for the 350 families of formerly displaced persons who have returned to their otherwise agriculturally unproductive land. Farmers with already productive land can diversify their crops and maximize land-use by growing biofuel crops.

¶5. (SBU) The governors of Caldas and Risaralda both seek to develop their departments' rich ecological resources into hydropower, ecotourism, and mining industries. Caldas Governor Aristizabal sees the potential for hydro-electric mega and micro plants and noted the department's recently identified uranium reserves.

¶6. (SBU) Governor Aristizabal wants to foster economic and social development in the department by encouraging knowledge-based

industries. Already the region is a hub for the call center industry, which he hopes will expand its presence. He also sees the potential for developing biotechnology around the existing agricultural sector, both to foster new economic development and to make existing agricultural endeavors more productive. Caldas and Risaralda import over half of the population's basic staples, despite their agricultural richness. Governor Aristizabal believes the department's agricultural sector can replace the imports with improved local supply. In response to the DCM's inquiry about the potential for health tourism, the governor noted that despite Caldas's strong health infrastructure, there are currently no such projects underway.

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BILINGUAL EDUCATION IS KEY TO DEVELOPMENT OF HUMAN CAPITAL  
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¶7. (SBU) Bilingual education is the cornerstone of plans to equip the local population with the skills required by new knowledge-based industries. In close partnership with the Manizales Binational Center (BNC), the city is pursuing an ambitious plan to establish bilingual programs in all public elementary schools. Critical to this initiative is a teach-the-teachers program for which the BNC is providing English immersion opportunities and ongoing training. Governor Aristizabal and Manizales Mayor Llano expressed appreciation for the Manizales BNC and USG support of its programs. The DCM attended a reception for the 50th anniversary of the Manizales BNC, whose English language programs have already served nearly 1,700 students in 2009. He also visited a BNC-sponsored jazz workshop for over 30 young musicians that hosted instructors from the Julliard School in New York.

¶8. (SBU) In addition to strengthening traditional schools through bilingual education programs and improved infrastructure, Caldas is encouraging higher levels of education in the indigenous and rural populations by designing innovative schools. Governor Aristizabal detailed the creation of schools where students from rural areas develop agricultural businesses as a means of learning business and entrepreneurial skills, along with traditional subject matter. To date Caldas has created 26 such schools and piloted coffee, juice, and jam businesses. The National Federation of Coffee Growers has implemented in over 1,000 rural schools a one-room schoolhouse concept where students learn at individualized rates and have the flexibility to support their families during harvest season without losing a whole year of school. These schools have a much lower drop-out rate thanks to the new methodology. Caldas is working in partnership with the NGO One Laptop Per Child to increase the number of computers in the region's schools and with other private and non-profit organizations to increase digital access throughout the department. The DCM encouraged Governor Aristizabal to look into USAID's Last Mile Initiative.

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UNDERPINNING ECONOMIC DEVELOPMENT: TRANSPORTATION AND SECURITY  
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¶9. (SBU) Governors Aristizabal and Tamayo emphasized that economic and social development required a stable security environment. Although Caldas is a secure department and has not suffered from high levels of violence, Risaralda is recovering from a more violent history. Its eastern region, which includes 10 of its 14 municipalities, experienced guerrilla activity and displaced population issues. Although guerrillas are no longer present, Governor Tamayo noted a rise of common criminal activity throughout Risaralda. Both Governors praised the involvement of the national government and military in improving the security of the region.

¶10. (SBU) Improving Caldas's deteriorating physical infrastructure is a critical component of Governor Aristizabal's development plan. The governor prioritizes rebuilding roads and expanding access to potable water. Caldas budgeted COP\$790,500,000,000 (approximately USD \$375 million) for all infrastructure projects and has already financed 75 percent of the budget. Governor Tamayo also noted that Risaralda has weak physical infrastructure, especially in its eastern region. Both departments are collaborating with other departments and the national government on regional air, road and port projects. Governor Aristizabal also asked whether his multimodal port project, La Dorada, could benefit from the recently awarded USTDA grant to a similar project in Puerto Salgar. The Board of Directors of Puerto Salgar will follow up on this request with the governor.

¶11. (U) Mayor Llano elaborated on the importance of a new airport with greater capacity for both passenger and cargo flights as a critical element of regional infrastructure and development plans. Existing local airports lack capacity to land large planes and suffer from frequent delays due to local weather patterns and outdated technology. Separately, local business leaders lamented the failure to capitalize on the strategic location of coffee country, which is located at the center of the so-called Bogota-Medellin-Cali Golden Triangle which produces 70 percent of the country's GDP. Improved roads and a better airport offer the potential of enhancing the region's competitiveness.

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AMCHAM AND USAID ARE CRITICAL TO U.S. REGIONAL PRESENCE  
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¶12. (SBU) At the inaugurations of new AmCham branches in Manizales, Pereira, and Armenia, local business leaders repeatedly expressed concern over the status of the U.S.-Colombia Free Trade Agreement. Business leaders view passage of the FTA as critical to the region's economy and the strength of the bilateral relationship. The DCM, accompanied by the Commercial and Agricultural Counselors, noted President Obama's support for the FTA contingent on Colombia addressing concerns on labor and human rights issues during his meeting in Washington with Colombian President Uribe. The DCM also underscored the important role of AmCham branches in promoting the bilateral commercial relationship, regardless of the outcome of the FTA.

¶13. (U) Both government and business leaders expressed great interest in extending U.S. programs, specifically USAID projects, in the region. The DCM noted the success of such projects, which he saw firsthand on a visit to Super de Alimentos, a Caldas candy business. With USAID support it has created 2,400 jobs along the entire value chain and improved its business practices, as well as the lives of its employees. The DCM encouraged local leaders to reach out to USAID and other U.S. entities with specific ideas for further collaboration.

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MEDIA COVERAGE OF TRIP EXTENSIVE  
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¶14. (U) The visit received extensive local print coverage. Press conferences were held following the inaugurations of the AmCham branches. Press also covered the DCM's visit to the jazz workshop and the BNC's 50th anniversary reception. Resulting media placements included an article in La Republica, an economic and business daily (readership: 46,600); several articles and photos in La Patria, local Manizales daily (readership: 53,600) and in El Diario, local Pereira daily (readership: 43,200); an article in La Tarde, local Pereira daily (readership: 43,500) and in Primera Plana.com, an online international tourist newsletter.

BROWNFIELD